

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF MISSISSIPPI**

**IN RE: CARPATHIAN ENERGY COMPANIE
 PETROLIERA S.R.L.**

CASE NO. 18-02074-ee

DEBTOR(S)

CHAPTER 11

UNITED STATES TRUSTEE’S MOTION TO CONVERT OR DISMISS

COMES NOW David W. Asbach, Acting United States Trustee for Region 5 (“UST”), by and through undersigned counsel, pursuant to 11 U.S.C. § 1112(b) and Fed. R. Bankr. P. 1017, and files this Motion to Convert or Dismiss in the above styled and numbered cause, and in support thereof respectfully submits the following:

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and 11 U.S.C. § 1112 and the order granting automatic reference to this Court. This matter constitutes a core proceeding pursuant to 28 U.S.C. § 157(b).

2. The UST has standing to bring this motion pursuant to 11 U.S.C. § 307 and § 1112(b).

3. On May 25, 2018, Debtor Carpathian Energy Companie Petroliera S.R.L., filed a voluntary chapter 11 petition for relief. The Debtor is currently acting as the debtor-in-possession in this case.

4. The UST held and concluded the Debtor’s § 341 meeting of creditors on July 23, 2018. DKT. #40. Sebastian P. Greaves testified under oath as the Debtor’s representative at the § 341 meeting.

5. At the § 341 meeting, the UST noted multiple document deficiencies, including the necessity to file amended schedules. Pursuant to the UST's proceeding memo from the § 341 meeting of creditors (DKT. #40), the Debtor was given until August 6, 2018, to cure the deficiencies. As of the filing of this motion, the Debtor has not completed the following requirements:

- (1) amend Schedules A/B and G to remove all oil and gas leases ("concessions") from Schedule A/B and include them on Schedule G;
- (2) submit to the UST a copy of the written authority for Sebastian P. Greaves as designated representative at the Debtor's § 341 meeting;
- (3) submit to the UST proof of all types of the Debtor's insurance with the UST listed as a party of notice;
- (4) submit to the UST a Declaration of Pre-petition Account Closings (IDI Attachment V) for all debtor-in-possession ("DIP") bank accounts at an authorized depository; and
- (5) submit to the UST a copy of the signature card and an original voided check for each DIP bank account.

6. Upon information and belief, the Debtor's business, an oil and gas exploration company with the majority of its work in the country of Romania, is operating at this time but is producing no income. Upon information and belief, the Debtor has no current employees.

7. Upon information and belief, this case appears to be a two-party dispute between the Debtor and Amromco Energy. The Debtor has no secured creditors. For the Debtor's unsecured, nonpriority creditors, other than Amromco Energy, most of the unsecured creditors listed in the Debtor's schedules appear to be either Debtor principals or businesses owned by the

Debtor's principals.¹

8. The Debtor has filed no monthly operating reports ("MORs") since this case was filed. Also, the Debtor has not paid its quarterly UST fee for the second quarter of 2018 as required under 28 U.S.C. § 1930(a)(6).

9. With some exceptions, after proper notice and a hearing, "the court shall convert a case under [chapter 11] to a case under chapter 7 or dismiss a case under [chapter 11], whichever is in the best interests of creditors and the estate, for cause unless the court determines that the appointment under section 1104(a) of a trustee or an examiner is in the best interests of creditors and the estate." 11 U.S.C. § 1112(b)(1) (2010).

10. Pursuant to § 1112(b), grounds for cause exist to convert this case to a chapter 7 proceeding or to dismiss this case. These grounds for cause include, but are not limited to, the following:

- (a) Failure to file amended documents;
- (b) Failure to submit proof of insurance;
- (c) Failure to timely submit documentation reasonably requested by the United States Trustee;
- (d) No income production and no employees; and
- (e) Absence of a reasonable likelihood of rehabilitation.

¹ Upon information and belief, one unsecured creditor, Liviu Marcu, is an engineer for the Debtor who is owed \$50,000 in back salary from multiple years ago. DKT. #5. Upon information and belief, one other unsecured creditor, SEP Contabil, is owed \$5,215.00 for accounting work in the country of Romania. *Id.* The only priority unsecured creditor listed in the Debtor's schedules is "ANAF" for "Romanian Taxes." *Id.*

11. The UST reserves the right to provide additional grounds for cause to convert or to dismiss this case at any hearing on this matter.

WHEREFORE, PREMISES CONSIDERED, the United States Trustee prays for an order converting this case to a chapter 7 proceeding or for an order dismissing this proceeding. The United States Trustee further prays for all general and equitable relief to which entitled.

RESPECTFULLY SUBMITTED, this the 14th day of August, 2018.

DAVID W. ASBACH
Acting United States Trustee
Region 5, Judicial Districts of
Louisiana and Mississippi

By: /s/Christopher J. Steiskal, Sr.
CHRISTOPHER J. STEISKAL, SR.

CHRISTOPHER J. STEISKAL, SR. (MSB #101654)
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CERTIFICATE OF SERVICE

I certify that a copy of the foregoing pleading has been served this day on the below named individual(s) via first class U.S. Mail at the address listed below or by Notice of Electronic Filing via the email address on file with the Court's CM/ECF system:

John D. Moore

DATED, this the 14th day of August, 2018.

/s/Christopher J. Steiskal, Sr.
CHRISTOPHER J. STEISKAL, SR.

**UNITED STATES BANKRUPTCY COURT
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ORDER

THIS DAY THIS CAUSE came on for hearing on the United States Trustee for Region 5's ("UST") Motion to Convert or Dismiss (DKT. #____). After fully considering the matter, the Court is of the opinion that the motion is well taken and should be granted; therefore,

IT IS ORDERED that the UST's Motion to Convert or Dismiss (DKT. #____) is hereby granted, and this case is hereby converted to a chapter 7 proceeding.

##END OF ORDER##

ORDER SUBMITTED BY:

/s/Christopher J. Steiskal, Sr.

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